

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 10710 01 OF 02 160347Z

22

ACTION OES-06

INFO OCT-01 EA-09 ISO-00 COME-00 INT-05 CIAE-00 INR-07

NSAE-00 H-02 EB-07 TRSE-00 L-03 IO-13 CG-00 DODE-00

DOT-00 DLOS-06 SAL-01 SP-02 PA-02 PRS-01 USIA-15

SMI-01 AGR-10 /091 W

----- 030650

R 160300Z JUL 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 854

UNCLAS SECTION 1 OF 2 TOKYO 10710

E.O. 11652: N/A

TAGS: EFIS, JA

SUBJECT: JAPANESE FISHERY INDUSTRIAL MISSION TO U.S.: VIEWS OF
REPRESENTATIVES OF SOME PARTICIPATING FIRMS

REF: TOKYO 10392

SUMMARY: IN LATE JULY MEETINGS IN ALASKA AND WASHINGTON STATES WITH
REGIONAL FISHERY MANAGEMENT COUNCIL CANDIDATES, JAPANESE FISHING
COMPANY EXECUTIVES WILL APPEAL FOR GRAUAL, ORDERLY QUOTA REDUCTIONS
TO ENABLE THE JAPANESE FIRMS TO SOLVE THEIR LABOR PROBLEMS AND FOR
MANAGEMENT REGIMES WHICH WILL BE ORIENTED TOWARD FOOD PRODUCTION AND
WHICH WILL PROVIDE A STABLE BUSINESS ENVIRONMENT FOR FOREIGN FIRMS.
END SUMMARY.

ACTION REQUESTED: RE PARA 4 BELOW, THERE IS CONFUSION LOCALLY
CONCERNING LEGAL REQUIREMENTS UNDER PL 94-265 FOR VESSELS AND FIRMS
TO QUALIFY AS BELONGING TO THE U.S. AND CONCERNING RESTRICTIONS,
APPARENTLY UNDER FEDERAL LAW, ON FOREIGN INVESTMENT IN VARIOUS ASPECTS

OF THE U.S. FISHING INDUSTRY. EMBASSY WOULD APPRECIATE CLARIFICATION
OF THESE POINTS, PARTICULARLY WHICH "VESSELS OF THE UNITED STATES"
MUST BE BUILT IN U.S. AND WHETHER A FIXED PERCENTAGE OF CREW MUST
BE U.S. CITIZENS/RESIDENT ALIENS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 10710 01 OF 02 160347Z

1. DURING PAST WEEK EMBOFF DISCUSSED REFTEL FISHERY INDUSTRY MISSION TO US WITH PRESIDENTS KATO OF NICHIRO GYOGYO AND MAKI OF KYOKUYO AND VICE-PRESIDENTS NAKABE OF TAIYO GYOGYO AND NISHIKAWA OF NIPPON SUISAN, SOLICITING AT THE SAME TIME THEIR VIEWS ON THE JAPANESE FISHING INDUSTRY'S FUTURE OPERATIONS IN THE FORTHCOMING US CONSERVATION ZONE. THE LEAST ALARMIST VIEWPOINT WAS EXPRESSED BY TAIYO'S NAKABE WHO NOTED, CONCERNING EXPECTED POLLOCK CATCH REDUCTIONS, THAT DEMAND FOR "SURIMI" (THE BASIC INGREDIENT FOR FISH PASTE AND SAUSAGE PRODUCED FROM POLLOCK), AFTER RISING RAPIDLY THROUGH THE 1960'S, HAS LEVELED OFF IN RECENT YEARS RESULTING IN SOME EXCESS SUPPLY AND PRODUCTION CAPACITY. (NIPPON SUISAN AGREED WITH THIS ASSESMENT.) NAKABE SAID THAT COASTAL STATE CLAIMS TO CONTROL OVER FISHERY RESOURCES DID NOT STRIKE HIM AS INTRINSICALLY UNREASONABLE. NICHIRO EXECUTIVES, HOWEVER, DESCRIBED "DICTATED QUOTAS" FOR FOREIGN FISHERMAN AS HIGHLY OBJECTIONABLE. NISHIKAWA OF NIPPON SUISAN ADDED THAT IN CONSIDERATIONS OF EQUITY, ALLOWANCE SHOULD BE GIVEN FOR THE FACT THAT JAPAN, NOT THE U.S., HAD DISCOVERED AND DEVELOPED BOTH THE POLLOCK AND TANNER CRAB RESOURCES OF THE NORTH PACIFIC. IN THE FUTURE, NAKABE SAID, TAIYO WOULD MAKE UP CATCH REDUCTIONS OF THE EXTENT POSSIBLE BY PURCHASING MORE FISH (BOTH OVERSEAS AND FROM JAPANESE COASTAL FISHERMEN), ESTABLISHING NEW VENTURES ABROAD, AND SEARCHING OUT AND DEVELOPING MARKETS FOR NEW SPECIES AND STOCKS, BUT ONLY ON THE BASIS OF PRACTICAL BUSINESS JUDGMENTS. IF NECESSARY, THE MARKET WOULD ADJUST TO REDUCED SUPPLIES, HE OBSERVED.

2. TAIYO, WHICH IS DIVERSIFYING WITH APPARENT SUCCESS INTO HOTELS AND RECREATIONAL FACILITIES, ESTIMATES THAT IT CURRENTLY HAS 500 UNNEEDED EMPLOYEES ON THE PAYROLL, INCLUDING 185 FROM ITS DEFUNCT WHALING DIVISION WHICH IT HOPES TO BE ABLE TO DISMISS WHEN THEY BECOME ELIGIBLE FOR SPECIAL GOVERNMENT BENEFITS (UP TO YEN75,000 PER WORKER PER MONTH FOR TWO YEARS) UNDER NEW LEGISLATION TO BE IMPLEMENTED IN AUGUST. ACCORDING TO NAKABE, REDUCTION OF THE POLLOCK QUOTA BY 30-40 PERCENT, AS IS APPARENTLY BEING CONTEMPLATED BY U.S., WOULD PROBABLY REQUIRE FIRM TO RETIRE THE SMALLER OF ITS REMAINING TWO POLLOCK FACTORYSHIP FLEETS (ONE HAS 9 AND THE OTHER 14 CATCHER BOATS), DIRECTLY ELIMINATING ABOUT 600 JOBS PLUS A NUMBER OF RELATED SHORE POSITIONS. COPING WITH SURPLUS EQUIPMENT PATTERNS, NAKABE SAID, IS THE FIRM'S MAJOR UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 10710 01 OF 02 160347Z

PROBLEM, A VIEW WHICH THE OTHER COMPANY EXECUTIVES ECHOED TOGETHER WITH PLEAS FOR GRADUAL CATCH REDUCTIONS WHICH WILL PERMIT PLANNED, ORDERLY ADJUSTMENT BY THE COMPANIES AND THEIR WORKERS. NIPPON SUISAN, WHICH RETIRED ONE OF ITS THREE POLLOCK MOTHERSHIP FLEETS LAST YEAR, HAS CUT EMPLOYMENT FROM A PEAK OF 10,000 TO 6,000 AND IS EXPANDING ITS SHORE PROCESSING OPERATIONS INTO MEAT PRODUCTS AND FROZEN VEGETABLES. THE FIRM HAS ALSO GREATLY ENLARGED ITS INTERNATIONAL DEPARTMENT TO HANDLE EXPANDING OVER-

SEAS PURCHASES AND HAS TRANSFERRED SOME EMPLOYEES TO A SECTION OF ITS BOAT DEPARTMENT WHICH IT DETACHED AND INCORPORATED AS A SEPARATE COMPANY TO OPERATE TANKERS AND CARGO VESSELS. SOME RETIRED FISHING VESSELS, NISHIKAWA SAID, CAN BE USED FOR SURVEYING, RESEARCH AND COASTAL PATROLS BUT MOST, INCLUDING FACTORYSHIPS, HAVE TO BE SOLD FOR SCRAP. (THERE IS SOME DISCUSSION IN FISHERY CIRCLES OF INCORPORATING FACTORYSHIPS INTO ON-SHORE PROCESSING PLANTS.) THE COMPANY OFFICIALS EMPHASIZED THAT THEY ARE COPING WITH RESTRUCTURING PROBLEMS WITH UTMOST SERIOUSNESS BUT THAT THESE ADJUSTMENTS REQUIRE MUCH CAPITAL AND PLANNING IF DISLOCATION IS TO BE AVOIDED.

3. NICHIRO EXECUTIVES PRESENTED THE FISHERIES PROBLEM AS A LIFE OR DEATH NUTRITIONAL STRUGGLE FOR THE JAPANESE PEOPLE BUT AT THE SAME TIME REJECTED EMBOFF'S SUGGESTION THAT FOLLOWS FROM THIS STANDPOINT THAT SALMON AND CRAB, THE EXPENSIVE, LUXURY SPECIES, WOULD HAVE TO BE CONSIDERED LESS ESSENTIAL THAN POLLOCK WHICH IS PROVIDNG REASONABLY-PRICED PROTEIN IN QUANTITY FOR THE MASSES. IN CONTRAST MAKI OF KYOKUYO SAID THE MOST IMPORTANT TASK AHEAD IS TO TRY TO TAKE ADVANTAGE OF THE DIFFERENCES IN MARKET DEMAND IN THE U.S. AND JAPAN TO WORK OUT PRACTICAL ARRANGEMENTS FOR THE BENEFIT OF BOTH PEOPLES. HE OPINED THAT A CERTAIN LEVEL OF POLLOCK HARVEST IS BENEFICIAL TO THE HALIBUT AND CRAB STOCKS WHICH ARE MARKETABLE IN THE U.S. AND THAT A MANAGED BALANCE OF RESOURCES COULD BE STRUCK TO MUTUAL ADVANTAGE. MAKI, HOWEVER, EXPRESSED CONCERN THAT ECOLOGICAL MILITANTS IN A COUNTRY LIKE THE U.S., WHICH DOES NOT REALLY NEED FISH FOR FOOD, WOULD PUSH POLICY TOWARD RESTORING NATURE RATHER THAN MAKING MAXIMUM SUSTAINABLE USE OF MARINE RESOURCES FOR FOOD. IN THIS CONTEXT REPRESENTATIVES OF ALL THE

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 TOKYO 10710 02 OF 02 160512Z

10

ACTION OES-06

INFO OCT-01 EA-09 ISO-00 COME-00 INT-05 CIAE-00 INR-07

NSAE-00 H-02 EB-07 TRSE-00 L-03 IO-13 CG-00 DODE-00

DOTE-00 DLOS-06 SAL-01 SP-02 PA-02 PRS-01 USIA-15

SMI-01 AGR-10 /091 W

----- 031507

R 160300Z JUL 76
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0855

UNCLAS SECTION 2 OF 2 TOKYO 10710

FIRMS CITED U.S. ATTITUDES TOWARD WHALING AS BODING ILL FOR FISHERY MANAGEMENT ORIENTED TOWARD HUMAN NEEDS. (FYI: EMBASSY HAS LEARNED THAT THE JAPAN FISHERIES ASSOCIATION HAS HIRED HAKUHODO ADVERTISING AGENCY FOR A PR CAMPAIGN IN THE U.S., WHICH, ACCORDING TO THE COPYWRITER ASSIGNED TO THE ACCOUNT, WILL CONSIST OF MAGAZINE ADVERTISEMENTS FOCUSING ON THE DEPENDENCE OF THE JAPANESE ON FISH FOR FOOD. THE JAPAN WHALING ASSN HAS PREVIOUSLY PLACED SIMILAR ADS IN U.S. NEWSPAPERS.) NAKABE, NOTING THAT STOCK ESTIMATES IN THE RECENT PAST HAVE BEEN AS MUCH AS 40-50 PERCENT IN ERROR, INDICATED THAT HE EXPECTS FUTURE ASSESSMENTS IN THIS AS YET INEXACTSCIENCE TO CONTINUE TO BE HIGHLY COLORED BY INTEREST GROUP PRESSURES AND VALUE JUDGMENTS ABOUT THE PURPOSES OF CONSERVATION. IN THIS CONNECTION, NISHIKAWA SAID HE WOULD FAVOR ACCEPTING ESTIMATES BY A NEUTRAL ORGANIZATION SUCH AS FAO BUT RECOGNIZES THE POLITICAL DIFFICULTIES IN ABDICATING DOMESTIC CONTROL OVER STOCK ASSESSMENTS.

4. ALL THE JAPANESE COMPANY REPRESENTATIVES INDICATED THAT THEY EXPECT REGIONAL MANAGEMENT COUUCILS UNDER THE NEW LAW TO BE CONSERVATIVE AND PAROCHIAL IN THEIR VIEWS ON FOREIGN FISHING. THE JAPANESE FIRMS ARE APPREHENSIVE THAT IN ADDITION TO ORDERING DRASTIC CATCH REDUCTIONS, COUNCILS AND BUREAUCRATS WILL COMBINE TO THROW UP A MAZE OF OPERATIONAL RESTRICTIONS AND PROCEDURAL HARASSMENTS AGAINST FOREIGN FISHING AND THEN IMPOSE THE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 10710 02 OF 02 160512Z

ADMINISTRATIVE COSTS GENERATED THEREBY ON FOREIGN VESSELS IN THE FORM OF LICENSING FEES. NISHIKAWA REMARKED THAT THE ANNUAL LICENSING PROCEDURE DESCRIBED IN THE LAW APPEARS TO HAVE BEEN DEVISED BY PERSONS LACKING KNOWLEDGE OF THE ADVANCE PREPARATION AND FINANCING REQUIRED TO DISPATCH FISHING VESSELS. ONE OF THE INDUSTRY'S MAJOR PROBLEMS AT PRESENT, HE CONTINUED, IS UNCERTAINTY. NOW THAT THE 200-MILE ZONE IS INEVITABLE, HE SAID, THE INDUSTRY WILL BE BELIEVED TO SEE LOS IN PLACE IN THE HOPE THAT THE BUSINESS ENVIRONMENT WILL BEGIN TO SETTLE DOWN AND MAKE PLANNING AND NEGOTIATIONS WITH FOREIGN COUNTERPARTS POSSIBLE AGAIN. BUSINESS CAN OPERATE WITH RESTRICTIONS, AS LONG AS THERE IS A CERTAIN AMOUNT OF STABILITY, HE NOTED, BUT WILDLY UNPREDICTABLE QUOTAS, LICENSING FEES, AND CONDITIONS OF OPERATION TEND TO DRY UP COMMERCIAL FINANCING AND CAUSE INEFFICIENCIES WHICH MAKE IT IMPOSSIBLE TO OPERATE PROFITABLY. IN THIS RESPECT, NISHIKAWA CONCLUDED, HE HOPED U.S. MANAGEMENT PLANS AND FEES WOULD BE ESTABLISHED FOR A LONG ENOUGH TERM TO ENABLE THE JAPANESE INDUSTRY TO PLAN AHEAD WITH SOME CERTAINTY. NONE OF THE

JAPANESE EXECUTIVES INTERVIEWED INDICATED ANY ENTHUSIASM AT THIS POINT ABOUT JOINT VENTURES IN THE U.S. THEY CITED HIGH COSTS OF U.S. LABOR AND VESSELS AND A NUMBER OF RESTRICTIONS ON FOREIGN CAPITAL INVESTMENT IN FISHING AS REASONS FOR HESITATION. (HOWEVER, TOKYO OFFICE OF BAKER AND MCKENZIE LAW FIRM RECENTLY REQUESTED A COPY OF PL 94-265 AND CLARIFICATION OF THE DEFINITION OF "VESSEL OF THE UNITED STATES", REPORTING THAT IT HAS BEEN RETAINED BY A JAPANESE FISHING COMPANY.)

5. TURNING TO THE INDUSTRY MISSION TO ALASKA AND WASHINGTON STATES, KATO (NICHIRO) ACKNOWLEDGED THAT WITH SELECTION OF REGIONAL COUNCIL MEMBERS FROM AMONG GOVERNORS' NOMINEES STILL IN PROGRESS, TIMING (JULY 28-AUG 3) IS AWEWRD, BUT WAITING UNTIL CUNCIL MEMBERS ARE ANNOUNCED BEFORE INITIATING PLANS AND CONTACTS WOULD RUN TOO CLOSE TO MID-AUGUST BEGINNING F FORML US-JAPAN NEGOTATIONS, HE SAID. NONE OF THE INDUSTRY REPS. EXPECT DRAMATIC RESULTS FROM THE TRIP BUT THEY BELIEVE THEY MUST MAKE THE EFFORT TO LAY THEIR CONCERNS, AS SUMMARIZED ABOVE, BEFORE THE COUNCIL CANDIDATES AND GET A PRELIMINARY READING OF THEIR ATTITUDES TOWARD IMPLEMENTATION OF NEW LAW. HODGSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FISHING INDUSTRY, VISITS, FISHING REGULATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO10710
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760274-0424
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760748/aaaabqdf.tel
Line Count: 243
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OES
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 TOKYO 10392
Review Action: RELEASED, APPROVED
Review Authority: hackerp0
Review Comment: n/a
Review Content Flags:
Review Date: 19 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 APR 2004 by ThomasVJ>; APPROVED <31 JAN 2005 by hackerp0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE FISHERY INDUSTRIAL MISSION TO U.S.: VIEWS OF REPRESENTATIVES OF SOME PARTICIPATING FIRMS
TAGS: EFIS, JA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006